

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **OCT 26 2011**

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DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of Louisiana Primary Care Association, Inc. (a non-profit organization), as of March 31, 2011, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Primary Care Association, Inc. as of March 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2011, on our consideration of Louisiana Primary Care Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Daigrepont & Brian APAC

Baton Rouge, Louisiana
October 7, 2011

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2011

ASSETS

Current Assets

Cash and cash equivalents	\$ 412,288
Certificates of deposit	76,000
Accounts receivable	94,852
Grants receivable	161,054
Accrued interest receivable	2,107
Due from related party	10,105
Prepaid expenses	10,664
Deposits	<u>2,500</u>
Total Current Assets	<u>769,570</u>

Property and Equipment

Furniture and fixtures	18,403
Equipment	<u>85,059</u>
	103,462
Accumulated depreciation	<u>(77,680)</u>
Total Property and Equipment - net	<u>25,782</u>

Other Assets

Restricted cash	23,449,887
Note receivable - restricted	<u>2,623,756</u>
Total Other Assets	<u>26,073,643</u>

Total Assets	<u>\$ 26,868,995</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 74,351
Accrued liabilities	23,107
Deferred revenue	<u>35,000</u>
Total Current Liabilities	<u>132,458</u>

Net Assets

Unrestricted	884,828
Temporarily restricted	<u>25,851,709</u>
Total Net Assets	<u>26,736,537</u>

Total Liabilities and Net Assets	<u>\$ 26,868,995</u>
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The accompanying notes are an integral part of this statement.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2011

CHANGES IN UNRESTRICTED NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues</u>			
Federal support	\$ 941,262	\$ -	\$ 941,262
Member dues	169,989	-	169,989
Grant income	93,855	-	93,855
Conferences	125,100	-	125,100
Interest	4,186	52,734	56,920
Other income	113,470	-	113,470
Changes in net asset restrictions:			
Released from restrictions	<u>8,854,035</u>	<u>(8,854,035)</u>	<u>-</u>
Total revenues	<u>10,301,897</u>	<u>(8,801,301)</u>	<u>1,500,596</u>
<u>Expenses</u>			
Supporting services	9,832,278	-	9,832,278
Management and general	<u>386,819</u>	<u>-</u>	<u>386,819</u>
Total expenses	<u>10,219,097</u>	<u>-</u>	<u>10,219,097</u>
Increase (decrease) in net assets	<u>82,800</u>	<u>(8,801,301)</u>	<u>(8,718,501)</u>
Net assets - beginning of year	<u>802,028</u>	<u>34,653,010</u>	<u>35,455,038</u>
Net assets - end of year	<u>\$ 884,828</u>	<u>\$ 25,851,709</u>	<u>\$ 26,736,537</u>

The accompanying notes are an integral part of this statement.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2011

	LPCA Programs	Community Health Corps	Facility Expansion Initiative	Management & General	Total
Accounting services	\$ 18,337	\$ -	\$ 24,495	\$ 33,548	\$ 76,380
Bank charges	1,526	-	500	6,287	8,313
Board meeting expense	1,152	-	-	2,109	3,261
Conferences and staff development	5,909	3,435	-	94,429	103,773
Contracted services	115,515	-	761,301	128,144	1,004,960
Depreciation	-	-	-	9,960	9,960
Dues and subscriptions	-	-	-	3,956	3,956
Facility lease	35,000	-	-	-	35,000
Fringe benefits	40,754	8,981	-	5,321	55,056
Grants to members	63,891	-	8,067,516	-	8,131,407
Insurance	3,265	-	-	4,577	7,842
Meals and entertainment	726	659	-	2,280	3,665
Office expense	6,273	3,376	-	7,467	17,116
Payroll taxes	33,447	3,171	-	4,807	41,425
Postage	-	-	-	5,709	5,709
Printing and duplicating	9,120	3,462	223	12,021	24,826
Repairs and maintenance	6,081	-	-	4,332	10,413
Salaries	429,596	89,279	-	45,476	564,351
Supplies	29,178	1,732	-	1,950	32,860
Telephone and online expense	7,609	93	-	12,080	19,782
Travel	45,969	10,707	-	2,366	59,042
	<u>\$ 853,348</u>	<u>\$ 124,895</u>	<u>\$ 8,854,035</u>	<u>\$ 386,819</u>	<u>\$ 10,219,097</u>

The accompanying notes are an integral part of this statement.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2011

Cash Flows From Operating Activities

Changes in net assets	\$ (8,718,501)
<u>Adjustments to reconcile net revenues over expenses to net cash provided by operating activities:</u>	
Depreciation	9,960
Increase in accounts receivable	(72,227)
Increase in grants receivable	(82,649)
Increase in interest receivable	(2,107)
Decrease in prepaid expenses	2,616
Decrease in due from related party	9,415
Increase in accounts payable	16,955
Decrease in restricted cash	11,461,546
Increase in notes receivable – restricted	(2,623,756)
Increase in deferred revenue	35,000
Increase in accrued liabilities	8,605
Total adjustments	<u>8,763,358</u>
Net cash provided by operating activities	<u>44,857</u>

Cash Flows From Investing Activities

Purchase of property, plant and equipment	(15,462)
Redemption of certificate of deposit	<u>49,000</u>
Net cash provided by investing activities	<u>33,538</u>
Increase in Cash and Cash Equivalents	78,395
Cash and Cash Equivalents, Beginning of Year	<u>333,893</u>
Cash and Cash Equivalents, End of Year	<u>\$ 412,288</u>

The accompanying notes are an integral part of this statement.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

1. Summary of Significant Accounting Policies

(a) Organization

The accompanying financial statements include the accounts of the Louisiana Primary Care Association, Inc. (the Association), a nonprofit corporation. The Louisiana Primary Care Association, Inc. is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code.

The Association promotes the provision of comprehensive, high quality primary health care to the medically underserved in Louisiana. The Association is a state association of Section 330 federally funded Community Health Centers that are an integral component of the health care delivery system dedicated to manage health care for individuals most likely to lack access to health services. The Association has assumed a leadership role in providing guidance and assistance to Community Health Centers with all efforts directed to assure these centers remain viable providers of primary health care throughout the state. The Association accomplishes its goals by providing a myriad of support services including:

Member Services

The Association provides governmental relations and legislative advocacy, recruitment and retention, clinical improvement programs, information and public education, and technical assistance.

Facility Expansion Initiative

As a result of funding received through a cooperative endeavor agreement with the Louisiana Division of Administration, the Association will also be facilitating and stimulating construction, expansion, equipping and improvement of Federally Qualified Health Centers in Louisiana.

Conferences, Seminars, and Educational Programs

The Association provides educational programs and workshops to physicians, staff, and governing board members throughout the state.

Management and General

The Association provides management oversight and assistance with general and financial operations as well as technology maintenance.

(b) Net Assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of contributor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets

Unrestricted net assets are for general use with no restrictions.

Temporarily Restricted Net Assets

Temporarily restricted net assets can be expended currently, but only for a specified purpose designated by the grantor. Funds are maintained in a separate account that has been restricted to pay for the expansion and renovation of community health centers, as well as, administrative costs for oversight. Once expended for their restricted purpose, these temporarily restricted net assets are released to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

1. Summary of Significant Accounting Policies - Continued

(b) Net Assets - continued

Permanently Restricted Net Assets

Net assets permanently restricted for future use by the grantor or the board of directors. There are no permanently restricted net assets as of March 31, 2011.

(c) Revenues

The Association receives the majority of its revenues from Federal and State agencies. The Association recognizes contract revenue (up to contract ceiling) from its contracts either on a pro-rata basis over the contract life or to the extent of expenses. Revenue recognition depends on the contract. Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Association with the terms of the grant/contract.

(d) Functional Expenses

The Association allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

(e) Income Taxes

The Association adopted provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, on April 1, 2009. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

(f) Other Accounting Policies

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Cash Equivalents

The Association considers all highly liquid investments, including certificates of deposit with an initial maturity of three months or less, to be cash equivalents.

Accounts and Grants Receivable

The Association uses the allowance method for doubtful accounts. Management has determined that there were no balances recorded that were uncollectible as of March 31, 2011. No collateral is required for accounts receivable and management closely monitors outstanding accounts and charges off to expense any balances that are determined to be uncollectible.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 7, 2011, the date the financial statements were available to be issued.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

2. Concentrations

The Association receives 67% and 11% of its operating income from Federal and State agencies and member dues, respectively. Approximately 61% and 28% of receivables at March 31, 2011 are from Federal and State agencies and member dues, respectively. The Association performs substantially all of its activities in the state of Louisiana.

Financial instruments, which potentially subject the Association to concentration of credit risk, consist principally of cash accounts, and certificates of deposit. Cash accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. Amounts in excess of insured limits at March 31, 2011 were approximately \$12,474,661. The Association does not believe that it is exposed to any significant credit risk on uninsured amounts.

3. Leases

The Association entered into a lease agreement for the one year ended March 31, 2011. The monthly rental amount is \$2,917. As of March 31, 2011 there are no future obligations under this lease; the Association will continue to occupy the facility on a month to month basis. Total rental expense for the year ended March 31, 2011 was \$35,000.

The Association also leases office equipment under operating leases at \$309 per month for lease periods of five years. Future lease payments that have remaining terms in excess of one year as of March 31, 2011 are as follows:

Year ending March 31, 2012	\$ 3,708
Year ending March 31, 2013	3,708
Year ending March 31, 2014	3,708
Year ending March 31, 2015	<u>3,708</u>
	<u>\$ 14,832</u>

4. Property and Equipment

Property and equipment is presented in the financial statements on the basis of cost less allowances for depreciation. Depreciation is computed using the straight-line method and is provided over the estimated useful lives of the assets, which is generally five to seven years. Following is a summary of property and equipment at March 31, 2011:

	2011
Furniture and fixtures	\$ 18,403
Equipment	<u>85,059</u>
	103,462
Less: Accumulated depreciation	<u>(77,680)</u>
	<u>\$ 25,782</u>

Depreciation expense was \$9,960 for 2011.

As discussed in Note 1, the Association receives funding under Section 330 of the Public Health Services Act with various restrictions placed on items obtained with these funds. According to the Public Health Service grants Policy Statement, title to real and tangible property shall rest in the grantee upon acquisition, subject to the accountability requirements and the Public Health Service's right to transfer title.

5. Compensated Absences

The Association's employees had \$23,107 vested in accrued vacation pay at March 31, 2011.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

6. Retirement Plan

Effective September 1, 2004, the Association sponsored a 403 (b) tax-sheltered annuity plan, which covers substantially all full-time employees. Eligible employees are allowed to contribute, on a tax-deferred basis, a portion of their compensation, up to federally designated limits. In order to participate in the plan, eligible employees must make a mandatory contribution of at least 1% of their gross salary. The Association matches this 1% and contributes an additional 3% of the participating employee's gross salary to the plan. Additional contributions may be made at the discretion of the Board of Directors. Employees are vested in the plan at 25% after one year, 50% after two years, 75% after three years and 100% after four years. The Association's contributions to the plan for the year ended March 31, 2011 amounted to \$17,268.

7. Commitments and Contingencies

The Association receives state grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the Association's management that its compliance with the terms of the grant will result in negligible, if any, disallowed costs.

8. Federal Support and Grants

During the year ended March 31, 2011 the Association received unrestricted grant revenues to help support the Association's goal of providing high quality primary health care. These funds originated at the federal, state and local level.

Federal support

U.S. Department of Health and Human Services

Technical and Non-Financial Assistance to Health Centers	\$ 652,016
Health Care and Other Facilities	79,394
Centers for Disease Control and Prevention Investigations and Assistance	46,540
Health Information Technology Regional Extension Centers	112,628
Cooperative Agreements to Improve the Health Status of Minority Populations	20,000
National Association of Community Health Centers	30,684
	<u>941,262</u>

State support

Louisiana Department of Health and Hospitals

Tobacco Control Program	30,511
H1N1 Vaccine Program	19,496
	<u>50,007</u>
Louisiana Public Health Institute	
Tobacco-Free Living Program	13,848
Total state support	<u>63,855</u>

Other private grants

30,000

Total Federal Support and Grant Income \$ 1,035,117

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

9. Temporarily Restricted Net Assets

Temporarily restricted net assets of \$25,851,709 at March 31, 2011, consisted of grants and funding received from two different sources during the year. The Heinz Foundation provided \$25,000 in funding in a prior year, to support a prescription assistance program initiative. As of March 31, 2011, \$12,258 of the Heinz Foundation funds had been expended for their restricted purpose.

In January 2008, the Association entered into a Cooperative Endeavor Agreement with the Louisiana Division of Administration to act as the program financial manager for a state appropriation of \$41,500,000. The funds were allocated by the state for future use in statewide planning and acquisition and construction of Community Primary Health Care Clinics. The expanded capacity represents buildings and equipment which will allow for a broader population of patients to be served. The program expenditures will be made over multiple years. The appropriation money has been placed in a deposit account and an escrow account with Regions Bank (see footnote 2 for details). During the year ended March 31, 2011, thirty-four clinics received approval for funding and \$10,691,272 was disbursed, along with \$786,519 to cover approved administrative costs. Only \$8,067,516 of the total disbursements were released from restrictions, as \$2,623,756 of the disbursements were advances in the form of notes receivable.

Temporarily restricted net assets were as follows:

	<u>Facility Expansion Initiative</u>		<u>Other</u>	<u>Total</u>
	<u>Clinic</u>	<u>Administrative</u>		
Balance April 1, 2010	\$33,980,092	\$ 660,176	\$ 12,742	\$ 34,653,010
Increases:				
Interest	-	52,734	-	52,734
Disbursements:	(8,448,361)	(405,674)	-	(8,854,035)
Balance March 31, 2011	<u>\$25,531,731</u>	<u>\$ 307,236</u>	<u>\$ 12,742</u>	<u>\$ 25,851,709</u>

10. Related Parties

Eight of the Association's board members also serve as managers of Louisiana Partnership for Choice and Access, LLC, an entity with nineteen members, each of which is a federally qualified health center in the state of Louisiana. As of March 31, 2011, the Association had a receivable of \$10,105 from this related party representing management fees assessed.

11. Notes Receivable

Four of the Association's Federally Qualified Health Centers (FQHC) participating under the Cooperative Endeavor Agreement (CEA) with the Louisiana Division of Administration took out advances (loans) of their allocated project funds for pre-construction costs. Under the CEA, FQHCs can borrow up to five percent of the total project costs or up to ten percent, if collateral is provided, with approval of the Association's Board of Directors. The loans are executed under a Master Promissory Note. The notes carry a fixed interest rate and a maturity date of the earlier of the effective date of the project agreement, the first anniversary of the note, or an event of default. Interest is accrued and due at maturity date. Since the funds disbursed for the loans are temporarily restricted assets, the notes created are temporarily restricted and will be released from restrictions after the terms are satisfied. At March 31, 2011, the Association had four notes outstanding in the amount of \$719,546.

One of the Association's FQHC participating under the CEA retained a New Market Tax Credit (NMTC) investor to fund their project. Under the scope of the NMTC, the Association's funding for the project is made through a loan to the FQHC in the total amount of their allocated state contribution, \$1,904,210. The loan accrues interest at one percent per annum and is payable on an annual basis to the Association. Under the structure of the NMTC, at any time after the seventh anniversary of the NMTC closing date, the Association has the option to put to the FQHC the outstanding balance of the loan in exchange for a one-time payment of \$1,000. At March 31, 2011, the Association had executed

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

11. Notes Receivable-Continued

one note under the NMTC guidelines in the amount of \$1,904,210. The note is temporarily restricted until released from restrictions after the terms are satisfied.

12. Tax Status

The Association files Form 990 in the U.S. federal jurisdiction. The Association is no longer subject to examination from the U.S. federal jurisdiction for fiscal tax years before March 31, 2009.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2011

<u>Federal Grantor / Pass-through or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services direct programs:			
Health Care and Other Facilities	93.887	N/A	\$ 79,394
Technical and Non-Financial Assistance to Health Centers	93.129	N/A	<u>652,016</u>
Subtotal Department of Health and Human Services direct programs			<u>731,410</u>
Pass-through programs:			
Centers for Disease Control and Prevention Investigations and Assistance	93.283	LA-307	46,540
ARRA - Health Information Technology Regional Extension Centers Program	93.718		112,628
Cooperative Agreements to Improve the Health Status of Minority Populations	93.004		<u>20,000</u>
Subtotal Department of Health and Human Services pass-through programs			<u>179,168</u>
Total U.S. Department of Health and Human Services			<u>910,578</u>
ARRA - National Association of Community Health Centers pass-through program	94.006	N/A	<u>30,684</u>
Total expenditures of federal awards			<u>\$ 941,262</u>

See accompanying notes to schedule of expenditures of federal awards.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2011

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Louisiana Primary Care Association, Inc. under programs of the federal government for the year ended March 31, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profits Organizations*. Because the Schedule presents only a selected portion of the operations of Louisiana Primary Care Association, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Louisiana Primary Care Association, Inc.

2. Summary of Significant Accounting Policies

(a) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(b) Pass-through entity identifying numbers are presented where available.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Primary Care Association, Inc., (a non-profit organization) as of and for the year ended March 31, 2011, and have issued our report thereon dated October 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Primary Care Association, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Primary Care Association, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Primary Care Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, the Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Daigrepont & Brian APAC
Baton Rouge, Louisiana
October 7, 2011

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

Compliance

We have audited Louisiana Primary Care Association, Inc. (a non-profit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Louisiana Primary Care Association, Inc. major federal programs for the year ended March 31, 2011. Louisiana Primary Care Association, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Louisiana Primary Care Association Inc.'s management. Our responsibility is to express an opinion on Louisiana Primary Care Association Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Louisiana Primary Care Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Louisiana Primary Care Association, Inc.'s compliance with those requirements.

In our opinion, Louisiana Primary Care Association, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2011.

Internal Control Over Compliance

Management of Louisiana Primary Care Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Louisiana Primary Care Association, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Louisiana Primary Care Association, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, the Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Daignepon & Brian APAC

Baton Rouge, Louisiana
October 7, 2011

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2011**

We have audited the financial statements of Louisiana Primary Care Association, Inc., as of March 31, 2011, and for the year then ended, and have issued our report thereon dated October 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of OMB Circular A133. Our audit of the financial statements as of March 31, 2011 resulted in an unqualified opinion.

Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Significant Deficiencies ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

b. Federal Awards

Internal Control

Material Weaknesses ☐ Yes ☒ No Significant Deficiencies ☐ Yes ☒ No

Type of Opinion On Compliance Unqualified ☒ Qualified ☐

For Major Programs Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510(a) ☐ Yes ☒ No

Was a management letter issued? ☐ Yes ☒ No

c. Identification of Major Programs:

CFDA Number (s)

Name of Federal Program (or Cluster)

93.129

Technical & Non-Financial Assistance to Health Centers

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ☒ Yes ☐ No

Finding – Financial Statement Audit

There are no findings for the year ended March 31, 2011.

Questioned Costs

There are no questioned costs for the year ended March 31, 2011.

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED MARCH 31, 2011**

Summary of Prior Audit Findings

Finding 2010-1

Condition

The Association failed to submit their audit report to the Legislative Auditor's office within six months of their fiscal year end.

Context

This finding has no material effect on the financial statements.

Recommendations

We suggest planning and preparation be made to anticipate circumstances which would delay the report beyond the required filing date.

Management's corrective action plan

The Association will focus on advance and appropriate preparations for future audits to assure timely filing of the audit reports.

Status

This issue has been resolved.